

## Message Text

SECRET

PAGE 01 SINGAP 00394 01 OF 02 291438Z

ACTION EA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00  
PM-03 DODE-00 EB-04 TRSE-00 OMB-01 SP-02 L-01 PRS-01  
/043 W

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R 280920Z JAN 77

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 7008

INFO AMEMBASSY JAKARTA

AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY TOKYO

CINCPAC

S E C R E T SECTION 1 OF 2 SINGAPORE 0394

LIMDIS

C O R R E C T E D C O P Y (TEXT)

E.O. 11652: GDS

TAGS: PFOR, ECON, SN, ASEAN, US, PI

SUBJECT: SINGAPORE FOREIGN MINISTER'S REPORT ON ASEAN

SUMMARY: DURING OUR MEETING ON JANUARY 27, FOREIGN MINISTER  
RAJARATNAM GAVE A GLOOMY REVIEW OF THE ASEAN ECONOMIC MINISTERS'  
MEETING. CITING INDONESIA'S UNWILLINGNESS TO GRANT SPECIAL TARIFF  
TREATMENT FOR THE FIVE ASEAN PROJECTS, RAJA VOICED AN UNEASE THAT IN-  
DONESIA WANTED TO TURN ASEAN INTO A "SHADOW PLAY," A LOOSE  
POLITICAL GROUPING WITHOUT REAL SUBSTANCE THAT INDONESIA  
WOULD INEVITABLY DOMINATE DUE TO ITS SIZE AND POPULATION.  
RAJA CITED FOREIGN MINISTER MALIK'S VIEW THAT INDONESIA CON-  
STITUTED A COMPLETE MARKET AND DIDN'T NEED ECONOMIC INTEGRATION

WITH ITS NEIGHBORS. RAJA WAS UPSET THAT BOTH MALAYSIA AND

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PAGE 02 SINGAP 00394 01 OF 02 291438Z

THAILAND HAD FOLLOWED INDONESIA'S LEAD. PRIME MINISTER LEE'S  
VISIT TO THAILAND IS INTENDED TO PUT ASEAN BACK ON TRACK  
BY CONCLUDING BILATERAL AGREEMENTS SIMILAR TO THE SINGAPORE -  
PHILIPPINES ECONOMIC AGREEMENTS. RAJA HOPES THAT ONCE THREE  
ASEAN COUNTRIES (READ: SINGAPORE, PHILIPPINES AND THAILAND)  
JOIN TOGETHER IN FRUITFUL ECONOMIC RELATIONSHIPS, THE OTHERS,  
INCLUDING INDONESIA, MAY JOIN IN. END SUMMARY

1. I CALLED ON SINGAPORE FOREIGN MINISTER RAJARATNAM JANUARY 27 TO OBTAIN A READING FROM HIM OF PRIME MINISTER LEE KUAN YEW'S VISIT TO MANILA AND OF THE SUBSEQUENT MEETING IN MANILA OF ASEAN ECONOMIC MINISTERS. RAJA, NORMALLY A FAIRLY OPTIMISTIC PERSON, WAS IN A GLOOMY MOOD. THIS WAS NOT SO MUCH FROM THE SINGAPORE-PHILIPPINE BILATERALS, WHICH "FOR SOME REASON" HAD GONE VERY WELL, BUT FROM THE SUBSEQUENT ASEAN ECONOMIC MINISTERS' MEETING.

2. AT THIS MEETING IT HAD BECOME VERY EVIDENT THAT NOT ONLY WERE THE INDONESIANA UNWILLING TO WORK TOWARD A FURTHER DEGREE OF ASEAN ECONOMIC INTEGRATION, BUT IN FACT WERE NOT PREPARED TO GRANT ANY SPECIAL TREATMENT FOR THE FIVE ASEAN PROJECTS ALREADY AGREED UPON LAST YEAR AT BALI INCLUDING SINGAPORE'S DIESEL ENGINES. A LINE WHICH INDONESIAN FOREIGN MINISTER MALIK APPEARED TO BE DEVELOPING - RAJA HAD JUST RECEIVED A CABLE FROM JAKARTA TO THIS EFFECT- WAS THAT WITH A POPULATION OF 130 MILLION INDONESIA CONSTITUTED A COMPLETE MARKET ON ITS OWN AND DIDN'T NEED ECONOMIC INTEGRATION WITH ITS NEIGHBORS, WHO WERE UNIMPORTANT BY COMPARISON. (THIS OF COURSE IGNORED A POPULATION OF 40 MILLION IN THAILAND AND 30 MILLION IN THE PHILIPPINES, NOT TO MENTION THE PEOPLE IN MALAYSIA AND SINGAPORE.)

3. RAJA WENT ON TO SAY THAT IT WAS BAD ENOUGH FOR INDONESIA TO DRAG ITS OWN FEET, BUT MUCH WORSE, IT HAD INFLUENCED MALAYSIA AND THAILAND TO DRAW BACK FROM ASEAN ECONOMIC COOPERATION. THIS HAD NOT BEEN ACCOMPLISHED BY ANY DIRECT INDONESIAN PRESSURES, BUT BY OBLIQUE COMMENTS FROM INDONESIAN REPRESENTATIVES AT THE  
SECRET

SECRET

PAGE 03 SINGAP 00394 01 OF 02 291438Z

MANILA MEETING WHICH MADE IT PLAIN THAT INDONESIA WOULD BE PLEASED IF OTHERS FOLLOWED ITS LEAD. MALAYSIA WAS NOT PARTICULARLY INTERESTED IN COOPERATION ANYWAY AND ALSO DID NOT WISH TO OFFEND INDONESIA; THE THAI BUREAUCRATS SIMILARLY DID NOT WISH TO TAKE A STAND CONTRARY TO INDONESIA'S.

4. THIS SITUATION LEFT ONLY SINGAPORE AND THE PHILIPPINES IN AN EXPANDED ECONOMIC RELATIONSHIP, NOTABLY IN A MUTUAL ACROSS-THE-BOARD 10 PERCENT TARIFF REDUCTION. INDONESIA WAS UNHAPPY EVEN ABOUT THIS, BUT COULDN'T SAY ANYTHING ON THE GROUNDS THAT SOMEWHERE IN ASEAN PROCEEDINGS IT HAD EXPRESSED ITSELF FAVORABLY ON COOPERATION OF A BILATERAL NATURE. RAJA COMMENTED THAT THERE WERE SOME SNAGS IN THIS SINGAPORE-  
E-  
PHILIPPINE RELATIONSHIP, E.G. THE PHILIPPINES HAD WANTED TO PROTECT DOMESTIC PRODUCTION OF DIESEL ENGINES UP TO 300 HORSEPOWER, AND SINGAPORE ACCORDINGLY WOULD UNDERTAKE UNILATERAL RESTRICTIONS ON NUMBERS OF ENGINES IN THIS CATEGORY TO BE EXPORTED TO THE PHILIPPINES.

5. AS RAJA PUT IT, INDONESIA WANTED TO TURN ASEAN INTO A "SHADOW PLAY" - A LOOSE POLITICAL GROUPING WITHOUT REAL SUBSTANCE,

WHICH INDONESIA WOULD INEVITABLY DOMINATE DUE TO ITS SIZE AND POPULATION. RAJA SPECULATED THAT THIS MIGHT BE RELATED IN SOME WAY TO INDONESIA'S UPCOMING ELECTIONS - SUHARTO COULD BE DEPICTED AS A LEADER OF INTERNATIONAL POLITICAL STATURE, AND HIS PRESTIGE IN THE EYES OF THE PEOPLE WOULD THUS BE ENHANCED. AS EVIDENCE TO THIS EFFECT, RAJA SAID THAT INDONESIA HAD PROPOSED A BIG CELEBRATION SHORTLY TO COMMEMORATE ANNIVERSARY OF THE BALI SUMMIT, TO WHICH SINGAPORE HAD RESPONDED BY SAYING: "WHAT'S THERE TO CELEBRATE?" AS A RESULT, THIS ANNIVERSARY WOULD BE OBSERVED AT FOREIGN MINISTER RATHER THAN HEAD OF STATE LEVEL.

6. PRIME MINISTER LEE KUAN YEW'S VISIT TO THAILAND IS FOR  
SECRET

SECRET

PAGE 04 SINGAP 00394 01 OF 02 291438Z

THE PURPOSE OF PUTTING ASEAN BACK ON TRACK, RAJA SAID. LEE WILL TRY TO TALK THE THAI INTO ACCEPTING AN ARRANGEMENT SIMILAR TO THE SINGAPORE-PHILIPPINE ECONOMIC AGREEMENT. THE ARGUMENT WHICH WILL BE USED IS THAT UNLESS ASEAN BEGINS TO SHOW SIGNS OF REAL PURPOSE AND COHESION, THE VIETNAMESE, WHO UP TO NOW HAVE BEEN WATCHING TO SEE WHICH WAY ASEAN GOES AND WHO HAVE BEEN FAIRLY RB TRAINED IN THEIR ACTUAL BEHAVIOR TOWARD THE ASEAN NATIONS, WILL START TO PUSH HARDER TO DISRUPT THE ORGANIZATION AND THE FIRST TO FEEL THIS INCREASED PRESSURE WIL BE THAILAND.  
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PAGE 01 SINGAP 00394 02 OF 02 290300Z  
ACTION EA-06

INFO OCT-01 SS-14 ISO-00 NSC-05 NSCE-00 INR-05 CIAE-00  
PM-03 DODE-00 EB-04 TRSE-00 OMB-01 SP-02 L-01 PRS-01  
/043 W

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R 280920Z JAN 77

FM AMEMBASSY SINGAPORE

TO SECSTATE WASHDC 7009  
AMEMBASSY JAKARTA  
AMEMBASSY BANGKOK  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY MANILA  
AMEMBASSY TOKYO  
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S E C R E T SECTION 2 OF 2 SINGAPORE 0394

LIMDIS

7. SINGAPORE WILL ALSO POINT OUT THE ADVANTAGES TO THAILAND WHICH CAN ACCRUE THROUGH ASEAN ECONOMIC COOPERATION. AS AN EXAMPLE, SINGAPORE HAS ALREADY BOUGHT 80 THOUSAND TONS OF THAI RICE (DESPITE THE FACT IT ONLY NEEDS 40 THOUSAND) TO SHOW IT PROVIDES A GOOD MARKET, AND IT WILL ALSO PROMISE TO TAKE THAI SODA ASH WHEN THIS PROJECT IS DEVELOPED FOR USE BY SINGAPORE GLASS MANUFACTURERS.

8. WHAT SINGAPORE HOPES WILL ULTIMATELY HAPPEN, RAJA SAID, IS THAT ONCE THE THREE ASEAN COUNTRIES JOIN TOGETHER IN FRUITFUL ECONOMIC RELATIONSHIPS, THE OTHERS, EVEN INCLUDING INDONESIA, MAY JOIN IN. HE STATED THAT SINGAPORE WOULD APPRECIATE WHATEVER HELP IT COULD GET FROM COUNTRIES OUTSIDE ASEAN, INCLUDING THE U. S., IN PRESENTING THE MERITS OF CLOSER ASEAN COOPERATION.

9. I TOLD RAJA THAT OUR POSITION WAS WELL KNOWN: WE WANTED ASEAN TO MAKE PROGRESS, AND TO THIS END WERE WILLING TO  
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PAGE 02 SINGAP 00394 02 OF 02 290300Z

ENGAGE IN A ECONOMIC DIALOGUE WITH IT ONCE ITS MEMBERS WORKED OUT THE CIRCUMSTANCES. I TOLD HIM THAT A TALKING PAPER ON POSSIBLE DISCUSSION TOPICS HAD BEEN PRESENTED BY OUR EMBASSY IN MANILA TO MRS. MANOLO ON JANUARY 10, AND THAT THIS TALKING PAPER WAS TO HAVE BEEN FORWARDED TO THE ASEAN STANDING COMMITTEE (WHICH RAJA CHAIRS). RAJA EXPRESSED SURPRISE, AND SAID HE HAD NOT SEEN THE PAPER, BUT ASSUMED IT WAS SOMEWHERE IN HIS OFFICE. HE ASKED ME TO SEND HIM ANOTHER COPY, WHICH I PROMISED TO DO.

10. COMMENT: RAJARTNAM'S REMARKS BEAR OUT WHAT WE HAVE HEARD FROM OTHER SOURCES ABOUT SINGAPORE'S DISAPPOINTMENT OVER THE MANILA ASEAN ECONOMIC MINISTERS' MEETING AND ITS UNHAPPINESS OVER INDONESIA'S SPOILING ROLE. THE DISPOSITION HERE IS TO PRESS ON REGARDLESS IN HOPE THAT THE PIECES WILL BEGIN TO FALL INTO PLACE LATER ON. SINGAPORE BELIEVES DEEPLY THAT THERE IS NO OTHER COURSE. ONE PROBLEM WHICH WE PERCEIVE IS THAT IF SINGAPORE CLEARLY EMERGES AS THE MAIN INSTIGATOR OF AN ASEAN SUB-GROUPING WHICH WOULD EXCLUDE INDONESIA, THE LATTER WILL TURN AGAINST SINGAPORE AND BECOME EVEN HARDER TO DEAL WITH

(IF THAT IS POSSIBLE). I WOULD APPRECIATE AMBASSADOR NEWSON'S  
COMMENTS ON THE EXTENT TO WHICH INDONESIA'S SEEMING UNCOOPERATIVE  
ATTITUDE MAY BE A RELATIVELY TRANSIENT FACTOR RELATED TO THE  
ELECTIONS NEXT MAY.  
HOLDRIDGE

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## Message Attributes

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**TAGS:** PFOR, ECON, OCON, SN, US, ID, ASEAN  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009